



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 23, 2008

H.R. 5001 **Old Post Office Building Redevelopment Act of 2008**

*As ordered reported by the Senate Committee on Environment and Public Works
on September 17, 2008*

H.R. 5001 would direct the Administrator of the General Services Administration (GSA) to reach an agreement with a private-sector entity to redevelop the Old Post Office Building (including the Pavilion Annex) located at 1100 Pennsylvania Avenue in the District of Columbia. CBO estimates that implementing H.R. 5001 would cost \$18 million over the 2009-2013 period, assuming appropriation of the necessary amounts. Enacting H.R. 5001 would have no significant net effect on direct spending and would not affect revenues.

H.R. 5001 would direct GSA to redevelop the Old Post Office Building in accordance with specific resolutions approved by the House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works in 2001. Those resolutions would require GSA to enter into agreements with private entities to redevelop the property through authorities granted in the National Historic Preservation Act (NHPA). That authority provides for the protection of historic properties and allows federal agencies to lease historic properties when those assets are not needed for current or future agency purposes.

Based on information from GSA, CBO anticipates that it would take about 26 months to develop and solicit proposals, analyze and rank the responses, and negotiate an agreement with a developer for the property. Although it is unclear what type of development would take place, GSA has previously reported that a hotel is the most likely option, although other options for the location have included a museum, television studio, or office building.

According to GSA, the building is currently occupied by four federal agencies with approximately 450 employees and its main hall is occupied by about 36 private-sector entities, including retailers and food vendors. Based on information from GSA, CBO estimates that implementing H.R. 5001 would cost about \$18 million over the 2010-2011 period, assuming appropriation of the necessary amounts to relocate the federal employees currently occupying the Old Post Office.

In addition, payments by the current retailers and food court vendors (about \$500,000 annually) can be spent by GSA under the Public Buildings Cooperative Use Act without further appropriation. Future lease payments following the building's redevelopment under NHPA also could be spent by GSA under the Public Buildings Cooperative Use Act. Thus, neither the loss of receipts from the current vendors nor the collection of the new receipts from a ground lease following redevelopment would have any significant net budgetary impact.

H.R. 5001 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

On June 12, 2008, CBO transmitted a cost estimate for H.R. 5001 as ordered reported by the House Committee on Transportation and Infrastructure on May 22, 2008. Both pieces of legislation are identical as are the estimated costs.

The CBO staff contact for this estimate is Matthew Pickford. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.